

INTRODUCTION

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PURPOSE AND AUTHORITY

Section 568-0 of Article 43 of the Annotated Code of Maryland (1972 Supplement) reads as follows:

- a. The Commission shall by rule, after consultation with appropriate advisory committees and public hearings, specify a uniform system of accounting and financial reporting, including such cost allocation methods as it may prescribe, by which hospitals and related institutions shall record their revenues, expenses, other income and other outlays, assets and liabilities, and units of service. All institutions under the Commission's jurisdiction shall adopt the system for their fiscal year period, starting on or after April 1, 1973.
- b. The Commission may allow and provide for modifications in the accounting and reporting system in order to correctly reflect differences in the scope or type of services and financial structure between the various categories, sizes or types of institutions subject to this subtitle and in a manner consistent with the purposes of this subtitle (1971, ch. 627; 1972, ch. 442).

Effect of amendment.—The 1972 amendment, approved May 26, 1972, and effective from date of passage, substituted "1973" for "1972" at the end of subsection a.

Legislative intent.—This section indicates that the legislature intended the Commission to be deeply concerned with the hospital industry's financial structure

and fiscal health. *Blue Cross of Md., Inc. v. Franklin Square Hosp.*, 277 Md. 93, 352 A.2d (1976).

Rate Structure.—The Commission is empowered to approve that rate structure which it finds to be most reasonable under the circumstances. *Blue Cross of Md., Inc. v. Franklin Square Hosp.*, 277 Md. 93, 352 A.2d 798 (1976).

The Chart of Accounts is based on functional accounts rather than responsibility accounts. The functional accounts are included for the specific purpose of enabling hospitals to comply with the Commission's reporting requirements. The Commission, at this time, is not, by regulation, enforcing its legislative mandate for uniform accounting, but reserves its rights and authority to do so in the future. Therefore, the hospitals may make entries to these accounts as part of their usual accounting process or they may treat them as end-of-period accounts to be worked up by means of monthly allocations, transfers and adjustments.

MANUAL ORGANIZATION

This manual has been divided into seven sections.

Section 100 details the accounting principles and concepts necessary to be adhered to by hospitals.

Section 200 contains the Chart of Accounts with definitions and the natural expense classifications necessary for accumulating the data required by the Commission.

Section 300 contains an Account Distribution Index.

Section 400 contains an overview of all reporting requirements of the Commission embodied in Title 10, Department of Health and Mental Hygiene, Subtitle 37 Health Services Cost Review Commission, Chapter 01, Uniform System for Hospitals and Related Institutions.

Section 500 contains the instructions for completing the reporting requirements outlined in Section 400.

Section 600 contains a copy of the forms that are detailed in Section 500.

Section 700 contains the appendices.

MANUAL REVISIONS

From time-to-time it will be necessary to revise this manual in order to update, and or delete material and to distribute bulletins and interpretations. Revised manual material will be issued and distributed as attachments to consecutively numbered transmittal letters. The transmittal letter will describe the major changes being made by that revision. Attached to the transmittal letter will be:

1. Detailed descriptions of the changes;
2. Instructions for removing old pages and inserting new pages; and
3. Revised manual pages.